

Schedule 4B

Form of Election Notice for Holders of Claims in Class 2

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO SALES TAX FINANCING
CORPORATION,

Debtor.

PROMESA

Title III

No. 17 BK 3284-LTS

**AMBAC CERTIFICATE ELECTION NOTICE
FOR COFINA BOND HOLDERS WITH CLAIMS IN CLASS 2**

This Ambac Certificate Election Notice (the “**Notice**”) is being sent to the beneficial holders of Senior COFINA Bond Claims that were insured by Ambac Assurance Corporation (“**Ambac**”). These securities give rise to Claims in Class 2 of the Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation (as the same may be updated, supplemented, amended and/or otherwise modified from time to time, the “**Plan**”).² Although Ambac has the

¹ The Debtors in these Title III Cases, along with each Debtor’s respective title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“**COFINA**”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“**HTA**”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“**ERS**”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority (“**PREPA**”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² Unless otherwise defined herein, each capitalized term used herein shall have the meaning given to it in the Plan.

right to cast the vote on behalf of such holders to accept or reject the Plan, the holders are entitled to elect their form of distribution under the Plan.

Each holder of an Allowed Senior COFINA Bond Claim (Ambac) has the option to elect to receive on the Effective Date, in full satisfaction, release, and exchange of such holder's Allowed Senior COFINA Bond Claim (Ambac), its Pro Rata Share of:

(1) (a) the Senior COFINA Bond Distribution consisting of (i) Section 103 Cash, if applicable, (ii) COFINA Cash Available for Distribution, (iii) COFINA Bonds, and (iv) Rounding Amount Cash, if necessary, plus (b) consideration, distributable by or at the direction of Ambac, in an amount equal to five and one quarter percent (5.25%) times the amount of such holder's Allowed Senior COFINA Bond Claim (Ambac) as of the Petition Date, in full and complete satisfaction, release, and discharge of any further obligation of Ambac with respect to the Ambac Insurance Policy (and, by making such election, the holder shall be deemed to have agreed to commute the Ambac Insurance Policy relating to such holder's Allowed Senior COFINA Bond Claim (Ambac) and such holder shall have no other or further rights with respect to the Ambac Insurance Policy, the Ambac Trust or the Ambac Certificates); or

(2) the Ambac Certificates described in Sections 6.3 and 17.1 of the Plan;

If a holder of a Senior COFINA Bond Claim (Ambac) (a) fails to elect to receive the Ambac Certificates referred to in Sections 6.3 and 17.1 of the Plan, or (b) submits an election for less than all of its Class 2 Claims (in which case, such election shall be void and of no force and effect), then, such holder shall be deemed to have elected to commute the Ambac Insurance Policy, to release and discharge Ambac's obligations under the Ambac Insurance Policy and to receive distributions in accordance with the provisions of clause (1) above.

You are encouraged to review the entire Disclosure Statement and the Plan, including information concerning the Ambac Trusts, before making an election with respect to the form of distribution you will receive under the Plan in the form of the Ambac Certificates. The tax consequences described in the Disclosure Statement are not a substitute for careful tax planning and professional tax advice upon your individual circumstances and you should seek advice from your own tax advisor.

<p>Please take notice that you are not able to vote to accept or reject the Plan and will not receive a separate voting ballot for such purpose. Pursuant to the Disclosure Statement Order, Ambac is entitled to vote to accept or reject the Plan your behalf.</p>

IF YOU DO NOT WISH TO RECEIVE THE AMBAC CERTIFICATES, YOU DO NOT NEED TO TAKE ANY FURTHER ACTION. HOWEVER, IN SUCH CASE, YOU WILL BE DEEMED TO HAVE ELECTED TO RELEASE, DISCHARGE AND COMMUTE AMBAC'S OBLIGATIONS AND THE AMBAC INSURANCE POLICY.

Each holder of Existing Securities described on Exhibit A attached hereto that wishes to receive the Ambac Certificates must submit a valid election in the manner described herein.

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How to Submit a Valid Ambac Certificate Election

If you wish to elect to receive the Ambac Certificates, you must instruct your broker or nominee (each, a “**Nominee**”) to electronically deliver your Existing Securities via the Automated Tender Offer Program (“**ATOP**”) at The Depository Trust Company (“**DTC**”), which will constitute an election via DTC’s ATOP system to receive the Ambac Certificates representing an interest in the Ambac Trust Assets.

No paperwork is required to be delivered to Prime Clerk to effectuate the election. The sole means of effectuating this election is to (i) validly tender your Existing Securities into the proper ATOP envelope at DTC, and (ii) make the election to receive the Ambac Certificates, each as described on DTC’s ATOP system.

**THE AMBAC CERTIFICATE ELECTION DEADLINE IS
6:00 P.M. (ATLANTIC STANDARD TIME) ON JANUARY 8, 2019.**

This date and time is referred to as the “**Election Expiration Deadline.**”

PLEASE TAKE NOTICE THAT IF YOU TENDER YOUR EXISTING SECURITIES THROUGH ATOP, YOU WILL BE RESTRICTED FROM TRANSFERRING YOUR EXISTING SECURITIES FROM THE ELECTION EXPIRATION DEADLINE UNTIL THE EFFECTIVE DATE OF THE PLAN. IF YOU DESIRE TO RETAIN THE ABILITY TO TRADE OR TRANSFER YOUR EXISTING SECURITIES PRIOR TO THE EFFECTIVE DATE, THEN YOU SHOULD NOT TENDER YOUR EXISTING SECURITIES THROUGH ATOP.

YOU MAY, HOWEVER, REVOKE YOUR ELECTION AT ANY TIME BEFORE THE ELECTION EXPIRATION DEADLINE AND WITHDRAW ANY TENDERED EXISTING SECURITIES.

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How to Revoke a Valid Ambac Certificate Election

You may revoke an election to receive the Ambac Certificates and withdraw your Existing Securities tendered to through DTC’s ATOP at any time on or before the Election Expiration Deadline.

If you wish to revoke your election, you must instruct your Nominee to revoke your election and withdraw your Existing Securities via ATOP at DTC (which withdrawal will be confirmed by Prime Clerk LLC once notified by DTC of the withdrawal request). No paperwork is required to be delivered to Prime Clerk LLC to effectuate the election.

If you revoke your election at any time before the Election Expiration Deadline, you may make an election to receive the Ambac Certificates at any time before the Election Expiration Deadline, in accordance with the instructions to submit a valid taxable bond distribution election above.

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If you have any questions about your holdings, please contact your Nominee. Additionally, you must contact your Nominee to take any action described above.

IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT THE BALLOTING AGENT, PRIME CLERK LLC, BY TELEPHONE AT (844) 822-9231 (TOLL FREE FOR U.S. AND PUERTO RICO) OR (646) 486-7944 (FOR INTERNATIONAL CALLERS), AVAILABLE 10:00 A.M. TO 7:00 P.M. (ATLANTIC STANDARD TIME) (SPANISH AVAILABLE), OR BY EMAIL AT PUERTORICOBALLOTS@PRIMECLERK.COM AND REFERENCE “COFINA DISTRIBUTION ELECTION” IN THE SUBJECT LINE. PLEASE NOTE THAT PRIME CLERK, LLC IS NOT AUTHORIZED TO PROVIDE, AND WILL NOT PROVIDE, LEGAL ADVICE.

All questions as to the validity, form and eligibility (including time of receipt) of your election will be determined by the Oversight Board, whose determination shall be final and binding on all parties. The Oversight Board and COFINA reserve the absolute right to reject any or all elections that are not in proper form or the acceptance of which would, in its legal counsel's opinion, be unlawful. An election shall not be deemed to have been made until any defects or irregularities have been waived by us or cured. None of the Oversight Board, COFINA or the Balloting Agent, nor any other person will be under any duty to give notification of any defect or irregularity in an election, or will incur any liability to you for failure to give any such notification.

Exhibit A

Description	CUSIP